

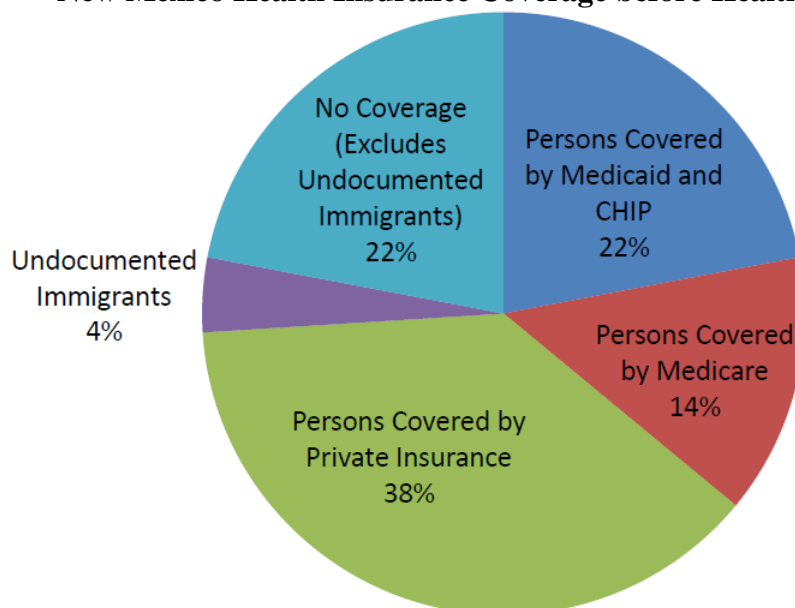
SENATOR JEFF BINGAMAN

THE IMPACT OF HEALTH REFORM IN NEW MEXICO

The new health reform law that I helped to write will protect the aspects of our healthcare system that are working well while also addressing the very serious problems that we face in New Mexico.¹ Throughout the nation the cost of medical care is rising and unaffordable for individuals and businesses. This problem is most acute in New Mexico. Without health reform, our state would experience the greatest increase in health insurance premiums in the nation.² For example, the average employer sponsored insurance premium for a family in New Mexico was about \$6,000 in 2000.³ By 2006, this rate had almost doubled to over \$11,000. By 2016 this amount is expected to rise to an astonishing \$28,000. New Mexicans also spend more on health insurance premiums as a percentage of their income than almost all other Americans.³

The new health reform law intends to slow the rate of growth of health insurance costs across the nation. The experts at the non-partisan Congressional Budget Office forecast that the legislation would not only slow the growth in spending in the first ten years but also in the second ten years after enactment. In total the legislation would *not add to the federal deficit* – in fact, it would *reduce the deficit* by \$143 billion by 2019 and about \$1 trillion by 2029. Most experts believe these reductions also will drive down costs in private health insurance. Thus, this new law is critically important to New Mexico because it will help to curb increases in health care costs for all New Mexicans.

New Mexico Health Insurance Coverage before Health Reform



In addition, health reform is critical to New Mexico, which continues to struggle with the second highest rate of uninsurance in the nation. We also have the lowest rate of employer sponsored insurance in the nation and the highest rate of uninsurance among employed individuals.

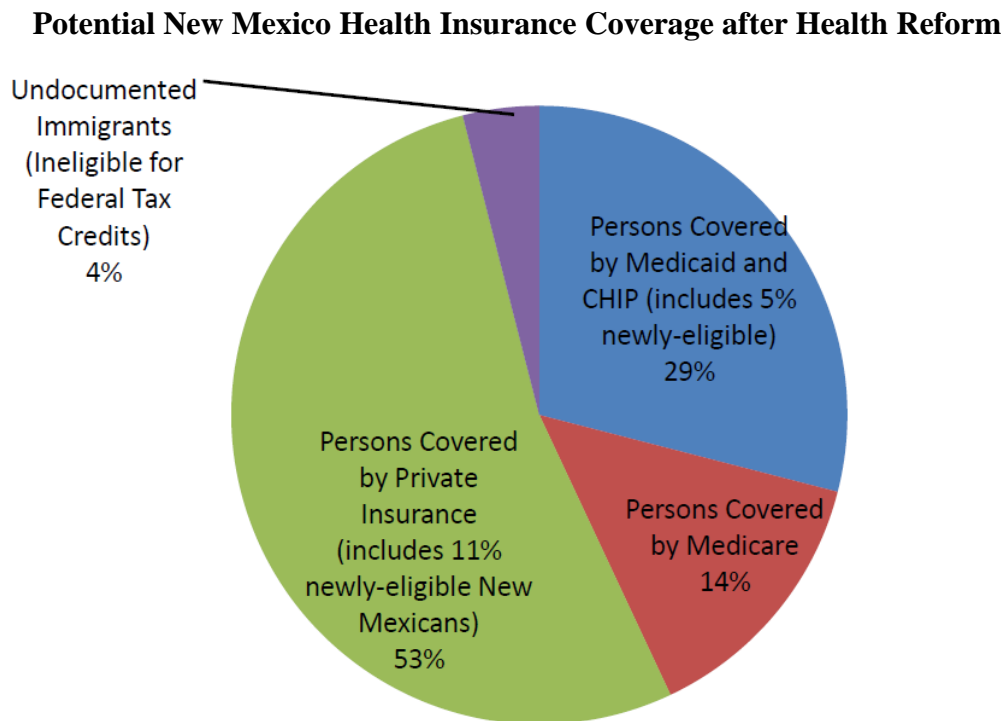
The chart above provides a very general estimate of health insurance coverage in New Mexico (estimates vary depending on the source of data and the year the data were collected). Currently, 38 percent of New Mexicans are covered by private insurance, 22 percent are covered by Medicaid or the State Children's Health Insurance Program or "CHIP", 22 percent have no coverage⁴, 14 percent are enrolled in Medicare, and 4 percent are undocumented immigrants (who may or may not have health insurance coverage).

The basic structure of coverage expansion within the new health reform law includes: (1) significant insurance market reforms and the creation of new state or regional "health exchanges" in which residents will be able to

purchase private coverage (2) an individual requirement to purchase coverage and some level of employer payment when coverage is not offered to some (or all) employees and (3) the provision of refundable, advanceable tax credits to help middle and lower income Americans afford coverage and the expansion of Medicaid services to the lowest income Americans.

Because the average income levels in New Mexico are lower than in many other states, we will benefit considerably from both the new federal tax credits for private insurance and the Medicaid expansion to individuals at or below 133 percent of poverty. I've worked to ensure that the Medicaid expansion does not represent an unfunded mandate by Congress. In New Mexico, the new law requires the federal government to cover 100 percent of the cost of the Medicaid expansion from 2014, 2015, and 2016 and slowly phases down to 90 percent of the cost by 2020. In addition, the definition of newly eligible Medicaid recipients is very broad to encompass as many New Mexicans as possible.

Starting in fall of 2013, the new law also will increase the matching rate for children receiving services through the State Children's Health Insurance program or "CHIP". In New Mexico, 100 percent of the cost of these children and parents would be covered by the federal government. In addition, it's projected that insurance market reform and federal tax credits may *reduce* the cost of coverage on the individual/private market for the average family in New Mexico significantly – perhaps by 56% to 59%.⁵



As the chart above indicates, the rate of uninsurance in the state will decrease significantly if New Mexico takes full advantage of the new health reform law. Almost 238,000 New Mexicans would be eligible for new private coverage through the exchange or from their employers. About 124,000 New Mexicans would be eligible for new Medicaid coverage. This only would leave approximately 80,000 undocumented immigrants without a guaranteed source of coverage.

¹ The text of the legislation is available at: <http://bingaman.senate.gov/policy/ppaca.pdf>.

² Elizabeth Carpenter and Sarah Axeen. The Cost of Doing Nothing, Why the Cost of Failing to Fix Our Health System is Greater than the Cost of Reform. New American Foundation. November 2008.

³ Agency for Healthcare Research and Quality, Center for Financing. Access and Cost Trends. MEPS-Insurance Component, Tables II.D.1, II.D.2, II.D.3.

⁴ Based on 2007 estimates, 2009 projections indicate that as many as 26 percent of New Mexicans may be uninsured.

⁵ Congressional Budget Office, "An Analysis of Health Insurance Premiums Under the Patient Protection and Affordable Care Act" (November 30, 2009) [<http://www.cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>], p. 7.